

**FINANCIAL STATEMENTS**

**GLOBAL HEALTH COUNCIL, INC.**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2011 AND 2010**

**GLOBAL HEALTH COUNCIL, INC.**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2
EXHIBIT A - Statements of Financial Position, as of September 30, 2011 and 2010	3
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended September 30, 2011 and 2010	4 - 5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended September 30, 2011	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended September 30, 2010	7
EXHIBIT E - Statements of Cash Flows, for the Years Ended September 30, 2011 and 2010	8
NOTES TO FINANCIAL STATEMENTS	9 - 15



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Global Health Council, Inc.  
Washington, D.C.

We have audited the accompanying statements of financial position of the Global Health Council, Inc. (the Council) as of September 30, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

December 20, 2013

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRFCPA.COM

---

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## GLOBAL HEALTH COUNCIL, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2011 AND 2010

## ASSETS

	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,068,066	\$ 301,709
Investments (Notes 2 and 9)	404,608	950,743
Receivables:		
Grants receivable (Note 7)	60,000	3,422,546
Employees	26,977	33,586
Prepaid expenses	<u>39,779</u>	<u>60,705</u>
Total current assets	<u>1,599,430</u>	<u>4,769,289</u>
<b>FIXED ASSETS</b>		
Furniture and fixtures (Note 5)	1,367,194	1,740,180
Less: Accumulated depreciation	<u>(967,172)</u>	<u>(1,171,023)</u>
Net fixed assets	<u>400,022</u>	<u>569,157</u>
<b>NON-CURRENT ASSETS</b>		
Deposits	78,930	93,963
Grants and cooperative agreements receivable:		
Private foundations	<u>-</u>	<u>50,000</u>
Total non-current assets	<u>78,930</u>	<u>143,963</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,078,382</u></b>	<b><u>\$ 5,482,409</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable (Note 7)	\$ 33,304	\$ 2,455
Accrued salaries and related benefits	66,257	208,934
Other accrued expenses	422,414	213,359
Capital lease	<u>38,219</u>	<u>-</u>
Total current liabilities	<u>560,194</u>	<u>424,748</u>
<b>NET ASSETS</b>		
Unrestricted	958,532	390,056
Temporarily restricted (Note 3)	<u>559,656</u>	<u>4,667,605</u>
Total net assets	<u>1,518,188</u>	<u>5,057,661</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,078,382</u></b>	<b><u>\$ 5,482,409</u></b>

See accompanying notes to financial statements.

GLOBAL HEALTH COUNCIL, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	<b>2011</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Grants	\$ -	\$ 219,830	\$ 219,830
Membership	1,133,605	-	1,133,605
Conference revenue	1,448,516	-	1,448,516
Event sponsorship and contributions	344,446	-	344,446
Publication sales	162,671	-	162,671
Investment income (Note 2)	52,027	-	52,027
Rental income (Note 5)	37,611	-	37,611
Other revenue	719	-	719
In-kind donations	428,327	-	428,327
Net assets released from donor restrictions (Note 4)	<u>3,830,748</u>	<u>(3,830,748)</u>	<u>-</u>
Total revenue and support	<u>7,438,670</u>	<u>(3,610,918)</u>	<u>3,827,752</u>
<b>EXPENSES</b>			
Policy, Research and Advocacy	3,271,338	-	3,271,338
Membership Resources	2,400,269	-	2,400,269
Fundraising	81,253	-	81,253
Business Operations	<u>1,067,673</u>	<u>-</u>	<u>1,067,673</u>
Total expenses	<u>6,820,533</u>	<u>-</u>	<u>6,820,533</u>
Changes in net assets before other items	618,137	(3,610,918)	(2,992,781)
<b>OTHER ITEMS</b>			
De-obligated awards and funds returned to donors (Note 7)	(10,040)	(497,031)	(507,071)
Unrealized (loss) gain on investments (Note 2)	<u>(39,621)</u>	<u>-</u>	<u>(39,621)</u>
Changes in net assets	568,476	(4,107,949)	(3,539,473)
Net assets at beginning of year	<u>390,056</u>	<u>4,667,605</u>	<u>5,057,661</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 958,532</u></b>	<b><u>\$ 559,656</u></b>	<b><u>\$ 1,518,188</u></b>

See accompanying notes to financial statements.

<b>2010</b>		
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
\$ -	\$ 527,709	\$ 527,709
967,019	-	967,019
1,420,291	-	1,420,291
270,649	-	270,649
213,686	-	213,686
44,627	-	44,627
37,589	-	37,589
-	-	-
165,501	-	165,501
<u>3,701,325</u>	<u>(3,701,325)</u>	<u>-</u>
<u>6,820,687</u>	<u>(3,173,616)</u>	<u>3,647,071</u>
3,052,245	-	3,052,245
3,420,685	-	3,420,685
251,711	-	251,711
<u>545,943</u>	<u>-</u>	<u>545,943</u>
<u>7,270,584</u>	<u>-</u>	<u>7,270,584</u>
(449,897)	(3,173,616)	(3,623,513)
-	-	-
<u>15,744</u>	<u>-</u>	<u>15,744</u>
(434,153)	(3,173,616)	(3,607,769)
<u>824,209</u>	<u>7,841,221</u>	<u>8,665,430</u>
<b><u>\$ 390,056</u></b>	<b><u>\$ 4,667,605</u></b>	<b><u>\$ 5,057,661</u></b>

See accompanying notes to financial statements.

## GLOBAL HEALTH COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Policy, Research and Advocacy	Membership Resources	Fundraising	Business Operations	Total Expenses
Salaries and benefits (Note 6)	\$ 1,213,788	\$ 221,221	\$ 30,832	\$ 932,643	\$ 2,398,484
Subgrants expense	-	1,005,000	-	-	1,005,000
Travel	173,860	140,311	20	116,675	430,866
Occupancy and utilities (Note 5)	-	-	-	339,186	339,186
Professional expenses	178,697	261,657	15,360	391,503	847,217
Meeting expense	132,478	401,016	-	46,783	580,277
Printing and duplicating	85,712	27,958	386	13,703	127,759
Office consumables expense	1,730	3,136	13	14,288	19,167
Depreciation	-	-	-	206,716	206,716
Communications	4,982	4,071	300	49,359	58,712
Postage and shipping	14,011	15,360	62	8,065	37,498
Bank fees and miscellaneous	22,054	48,589	6,955	151,923	229,521
Insurance	-	-	-	13,133	13,133
Promotional items and recruitment	-	23,729	-	-	23,729
Training and development	636	-	-	894	1,530
Equipment	2,235	53,239	-	2,157	57,631
Dues and subscriptions	10,928	1,501	1,755	1,596	15,780
<b>Total direct expenses</b>	<b>1,841,111</b>	<b>2,206,788</b>	<b>55,683</b>	<b>2,288,624</b>	<b>6,392,206</b>
In-kind expenses	419,027	9,300	-	-	428,327
Allocation of overhead expenses	1,011,200	184,181	25,570	(1,220,951)	-
<b>TOTAL</b>	<b>\$ 3,271,338</b>	<b>\$ 2,400,269</b>	<b>\$ 81,253</b>	<b>\$ 1,067,673</b>	<b>\$ 6,820,533</b>

See accompanying notes to financial statements.

## GLOBAL HEALTH COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Policy, Research and Advocacy	Membership Resources	Fundraising	Business Operations	Total Expenses
Salaries and benefits (Note 6)	\$ 1,044,056	\$ 524,491	\$ 131,523	\$ 1,114,399	\$ 2,814,469
Subgrantee expense	-	1,000,000	-	-	1,000,000
Travel	155,108	227,440	4,336	146,934	533,818
Occupancy and utilities (Note 5)	-	-	-	496,546	496,546
Professional expenses	211,630	176,494	2,749	455,469	846,342
Meeting expense	84,025	328,620	5,004	48,416	466,065
Printing and duplicating	86,564	35,824	2,144	13,019	137,551
Office consumables expense	25,927	22,676	2,119	26,603	77,325
Depreciation	-	-	-	213,172	213,172
Communications	14,811	8,320	854	181,429	205,414
Postage and shipping	11,412	19,047	541	14,721	45,721
Bank fees and miscellaneous	47,075	63,859	3,280	41,435	155,649
Insurance	-	-	-	22,026	22,026
Promotional items and recruitment	1,104	10,442	-	6,028	17,574
Training and development	5,032	299	199	8,190	13,720
Equipment	2,707	53,583	-	3,401	59,691
<b>Total direct expenses</b>	<b>1,689,451</b>	<b>2,471,095</b>	<b>152,749</b>	<b>2,791,788</b>	<b>7,105,083</b>
In-kind expense	165,501	-	-	-	165,501
Allocation of overhead expenses	1,197,293	949,590	98,962	(2,245,845)	-
<b>TOTAL</b>	<b>\$ 3,052,245</b>	<b>\$ 3,420,685</b>	<b>\$ 251,711</b>	<b>\$ 545,943</b>	<b>\$ 7,270,584</b>

See accompanying notes to financial statements.



## GLOBAL HEALTH COUNCIL, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (3,539,473)	\$ (3,607,769)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	206,716	213,172
Unrealized loss (gain) on investments	39,621	(15,744)
Realized gain on sale of investments	(35,814)	(22,161)
Loss on sale of property and equipment	3,602	-
Decrease in:		
Receivables	3,419,155	3,311,947
Prepaid expenses	20,926	37,386
Deposits	15,033	-
Increase (decrease) in:		
Accounts payable	30,849	(32,604)
Accrued salaries and related benefits	(142,677)	(88,743)
Accrued other expenses	209,055	60,395
Deferred revenue	<u>-</u>	<u>(2,000)</u>
Net cash provided (used) by operating activities	<u>226,993</u>	<u>(146,121)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales (purchases) of investments, net	542,328	(5,440)
Purchases of furniture and fixtures	<u>(937)</u>	<u>(41,650)</u>
Net cash provided (used) by investing activities	<u>541,391</u>	<u>(47,090)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on capital lease obligation	<u>(2,027)</u>	<u>-</u>
Net cash used by financing activities	<u>(2,027)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	766,357	(193,211)
Cash and cash equivalents at beginning of year	<u>301,709</u>	<u>494,920</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,068,066</u></b>	<b><u>\$ 301,709</u></b>
<b>SUPPLEMENTAL INFORMATION</b>		
<b>Capital Lease</b>	<b><u>\$ 40,246</u></b>	<b><u>\$ -</u></b>
<b>Interest Paid</b>	<b><u>\$ 1,514</u></b>	<b><u>\$ -</u></b>

See accompanying notes to financial statements.

**GLOBAL HEALTH COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The Global Health Council, Inc. (the Council) was incorporated in 1975 as a nonprofit organization. It is dedicated to saving lives by improving health throughout the world. The Council works to ensure that all who strive for improvement and equity in global health have the information and resources they need to succeed. To achieve this goal, the Council serves as the voice for action on global health issues, by mobilizing an informed citizenry both locally and globally, advocating and educating decision-makers on global health issues, and making the case for global health through media outreach. As the voice for progress in the global health field, the Council disseminates global health information, shares knowledge through events and conferences, and puts research to work by compiling, analyzing, summarizing and disseminating research on illness prevention and intervention.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

The Council considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, the Council maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized gains and losses are included in investment income in the Statements of Activities and Changes in Net Assets. Unrealized gains and losses are presented as an other item in the accompanying Statements of Activities and Changes in Net Assets.

Fixed assets -

Fixed assets are stated at cost. Fixed assets costing more than \$1,000 are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Receivables -

Receivables approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

Grants -

Grants are recorded as revenue in the year notification is received from the donor. Grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

GLOBAL HEALTH COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Grants (continued) -

Grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Income taxes -

The Council is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Council is not a private foundation.

Uncertain tax positions -

For the years ended September 30, 2011 and 2010, the Council has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the general operation of the Council.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Council and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

In-kind donations -

The Council receives in-kind donations of advertising and legal fees. The value of the donated items is recorded at the estimated value at the date of receipt.

In addition, services and supplies have been contributed to the Council by volunteers and members of the Board of Directors. The value of these contributed services and supplies is not reflected in the financial statements since no objective basis is available to measure its value.

Membership -

Membership dues are recorded as income when received from both organizational members and individuals.

**GLOBAL HEALTH COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Council adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Council accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

**2. INVESTMENTS**

Investments consisted of the following at September 30, 2011 and 2010:

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equities	\$ 141,329	\$ 152,137	\$ 14,137	\$ 14,139
Fixed income	229,213	228,259	356,764	406,561
Money market	3,790	3,790	510,866	508,631
Tangible assets - commodities	15,678	15,335	20,000	21,412
Real estate - Public REIT's	<u>5,243</u>	<u>5,087</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 395,253</u></b>	<b><u>\$ 404,608</u></b>	<b><u>\$ 901,767</u></b>	<b><u>\$ 950,743</u></b>

**GLOBAL HEALTH COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011 AND 2010**

**2. INVESTMENTS (Continued)**

Included in investment income are the following at September 30, 2011 and 2010:

	<b>2011</b>	<b>2010</b>
Interest and dividends	\$ 16,213	\$ 22,466
Realized gain	35,814	22,161
<b>INVESTMENT INCOME</b>	<b>\$ 52,027</b>	<b>\$ 44,627</b>
<b>UNREALIZED (LOSS) GAIN</b>	<b>\$ (39,621)</b>	<b>\$ 15,744</b>

**3. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at September 30, 2011 and 2010:

	<b>2011</b>	<b>2010</b>
<b>Purpose:</b>		
Policy, Research and Advocacy	\$ 369,571	\$ 1,899,338
Membership Resources	107,043	2,113,081
Fundraising	63	1,678
Business Operations	122,979	653,508
	<b>\$ 599,656</b>	<b>\$ 4,667,605</b>

**4. NET ASSETS RELEASED FROM RESTRICTIONS**

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

	<b>2011</b>	<b>2010</b>
<b>Purpose:</b>		
Policy, Research and Advocacy	\$ 1,943,147	\$ 1,457,227
Membership Resources	1,483,204	1,741,200
Fundraising	660	2,272
Business Operations	403,737	500,626
	<b>\$ 3,830,748</b>	<b>\$ 3,701,325</b>

**5. LEASE COMMITMENTS**

Operating leases -

The Council entered into operating leases for office space in Vermont and Washington, D.C. On September 29, 2004, the Council signed a lease for office space in Washington, D.C. The lease period began January 1, 2005 and expires December 31, 2014. The Council also entered into a lease agreement for office space in Vermont. The lease period began October 1, 2005 and expires September 30, 2012. The Council took possession of this office space on December 1, 2005. In October 2010, the Council signed a termination agreement for its office space in Vermont.

GLOBAL HEALTH COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011 AND 2010

5. LEASE COMMITMENTS (Continued)

Operating leases (continued) -

Future minimum lease commitments are as follows:

<u>Year Ending September 30,</u>	<u>Office Space</u>
2012	\$ 286,924
2013	294,078
2014	301,425
2015	<u>75,819</u>
	<u>\$ 958,246</u>

Occupancy and utility expense totaled \$339,186 and \$496,546 for the years ended September 30, 2011 and 2010, respectively. Included in those amounts are base rent and shared building costs.

The Council subleases a portion of its office space, expiring in January 2012. Subsequent to year-end, the Council entered into an additional sublease expiring December 2012.

The following is a schedule of the future minimum rental income:

<u>Year Ending September 30,</u>	
2012	\$ 50,135
2013	<u>10,825</u>
	<u>\$ 60,960</u>

Rental income for the years ended September 30, 2011 and 2010 totaled \$37,611 and \$37,589, respectively.

Capital leases -

The Council has entered into lease agreements for photocopiers. Subsequent to year-end, the Council settled the outstanding portion of the lease for \$47,115.

The following is an analysis of the leased assets included in furniture and computer equipment at September 30, 2011:

<b>Furniture and Fixtures</b>	<b><u>\$ 40,246</u></b>
-------------------------------	-------------------------

6. EMPLOYEE RETIREMENT PLAN

The Council provides a retirement savings plan with a 401(k) deferred compensation provision for all employees who have a minimum of one-year of service. Employees may elect to defer up to 15% of their compensation, subject to IRS limitations, with the Council making matching contributions equal to 100% of the first 5% of compensation deferred.

**GLOBAL HEALTH COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011 AND 2010**

**6. EMPLOYEE RETIREMENT PLAN (Continued)**

The Council may also elect to make discretionary contributions to the Plan. Employees vest in the matching and discretionary contributions over a four-year period. Total expenses were \$69,394 and \$108,172 for the years ended September 30, 2011 and 2010, respectively.

**7. DE-OBLIGATION OF GRANT FUNDS**

During the year ended September 30, 2011, the Council received notice from two funders that previously awarded funds totaling \$497,031 are being de-obligated. Funds in the amount of \$18,300 were received prior to the de-obligation and are required be returned to the funder. These funds are included in accounts payable on the Statements of Financial Position. The remaining funds not received prior to the de-obligation were reduced from grants receivable on the accompanying Statements of Financial Position.

**8. LINE OF CREDIT**

The Council has a line of credit with a local bank, with a borrowing limit of \$100,000. There were no outstanding borrowings on the line of credit at September 30, 2011 and 2010. Future borrowings bear interest at prime plus .50%. The prime rate at September 30, 2011 and 2010 was 3.25%.

**9. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Council has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Council has the ability to access.

**Level 2.** These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

**GLOBAL HEALTH COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011 AND 2010**

**9. FAIR VALUE MEASUREMENT (Continued)**

The table below summarizes, by level within the fair value hierarchy, the Council's investments as of September 30, 2011:

<b>Asset Class:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total September 30, 2011</b>
Equities	\$ 152,137	\$ -	\$ -	\$ 152,137
Fixed income	228,259	-	-	228,259
Money market	3,790	-	-	3,790
Tangible assets - commodities	-	15,335	-	15,335
Real estate - Public REIT's	-	5,087	-	5,087
<b>TOTAL</b>	<b><u>\$ 384,186</u></b>	<b><u>\$ 20,422</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 404,608</u></b>

The table below summarizes, by level within the fair value hierarchy, the Council's investments as of September 30, 2010:

<b>Asset Class:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total September 30, 2010</b>
Equities	\$ 14,139	\$ -	\$ -	\$ 14,139
Fixed income	406,561	-	-	406,561
Money market	508,631	-	-	508,631
Tangible assets - commodities	21,412	-	-	21,412
<b>TOTAL</b>	<b><u>\$ 950,743</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 950,743</u></b>

**10. SUBSEQUENT EVENTS**

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through December 20, 2013, the date the financial statements were issued.